

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
FEAE-00 OMB-01 /098 W
-----038505 221652Z /40

P R 221617Z JUL 77
FM AMEMBASSY BOGOTA
TO SECSTATE WASHDC PRIORITY 2729
INFO USMISSION GENEVA

C O N F I D E N T I A L BOGOTA 6767

USMISSION FOR MTN GENEVA

E.O. 11652: GDS
TAGS: ETRD, MTN, COL
SUBJECT: COLOMBIAN MAXIMUM PRICE REGULATIONS

REF: STATE 153598; STATE 170082

1. MAXIMUM PRICE REGULATIONS ARE IMPOSED ON IMPORTS OF ALL PHARMACEUTICAL PRODUCTS AND INPUTS AS PART OF INTENSIVE GOC REGULATION OF PHARMACEUTICAL INDUSTRY AS A WHOLE.
2. REGULATION OF PRICES ON IMPORTED MATERIAL DATES BACK TWELVE TO FIFTEEN YEARS AT WHICH TIME LOCAL INDUSTRY WAS ROCKED WITH SCANDALS CONCERNING PRICES SET BY PARENT COMPANIES FOR IMPORTATION BY SUBSIDIARIES OF PRODUCTS AND IN-SEFGTFGXN NUMEROUS INSTANCES OF OVER AND UNDERINVOICING WERE BROUGHT TO LIGHT AND GOC DECIDED THAT REGULATION OF IMPORT PRICING WAS CALLED FOR TO ALLEVAIATE SITUATION. INCOMEX (GOC AGENCY RESPONSIBLE FOR FOREIGN TRADE) DEVELOPED A LIST OF INTERNATIONAL PRICES FOR PHARMACEUTICAL MATERIALS BASED ON THE LOWEST AVAILABEL PRICE ON A WORLDWIDE BASIS.

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COLOMBIAN EMBASSIES AND CONSULATES WERE CHARGED WITH THE TASK OF KEEPING THIS LIST CURRENT AND ACCURATE. INDUSTRY SOURCES STATED THAT AT PRESENT THERE IS A TOLERANCE O TEN TO FIFTEEN PERCENT GRANTED OVER THE LOWEST AVAILABLE PRICE BUT THIS IS AN UNOFFICIAL AND PERHAPS TEMPORARY RESPITE. THIS TOLERANCE MAY BE ATTRIBUTED TO THE ONSET OF WORLD WIDE INFLATION AND THE SUB-

SEQUENT DIFFICULTY IN KEEPING THE PRICE LIST UP TO DATE.

3. THIS REGULATION CAN LIMIT COLOMBIAN SUBSIDIARIES TO IMPORTING FROM THE PARENT COMPANY ONLY THOSE ITEMS NOT WIDELY AVAILABLE ON THE WORLD MARKET. THE OTHER CHOICES ARE TO BUY PRODUCTS FROM PATENT INFRINGERS (BUT QUALITY IS OF PRIMARY IMPORTANCE AND THIS SEEMS TO BE UNDERSTOOD BY GOC) OR PAY THE US PARENT A LOWER PRICE FOR THE PRODUCT.

4. AS MENTIONED IN PARA ONE GOC REGULATION IS INTENSIVE IN THE PHARMACEUTICAL FIELD. PRICES FOR MOST FINISHED PRODUCTS ARE STRICTLY REGULATED AT THE WHOLESALE LEVEL, TO THE PHARMACY AND TO THE CONSUMER. PROFIT MAXIMUMS HAVE BEEN ESTABLISHED FOR MANUFACTURERS OF PHARMACEUTICAL PRODUCTS. CERTAIN PRODUCTS MAY ONLY BE PURCHASED FROM GOVERNMENT ENTITIES.

5. THE CURRENT ADMINISTRATION IS COMMITTED TO PROVIDING BETTER AND LESS EXPENSIVE HEALTH SERVICES TO ITS CONSTITUENCY. IT IS HIGHLY UNLIKELY THAT THE GOC WOULD AGREE TO DECREASE OR ELIMINATE ANY PRICING REGULATIONS IN THIS AREA.

6. EMBOFF OBTAINED ABOVE INFORMATION FROM INDUSTRY SOURCES. SEPARATE CABLE FOLLOWS ASAP WITH VIEWS OF GOC
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Message Attributes

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Current Classification: UNCLASSIFIED
Concepts: TRADE CONTROLS, PRICES
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Legacy Key: link1977/newtext/t19770731/aaaaazze.tel
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